

**John Howard Society of Okanagan & Kootenay**  
**Financial Statements**  
For the year ended March 31, 2023

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## Independent Auditor's Report

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### To the Board of Directors of John Howard Society of Okanagan & Kootenay Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of John Howard Society of the Okanagan & Kootenay (the Society), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, changes in net assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

#### Other Matter

We draw attention to the fact that the supplementary information included in the BC Housing Program Surplus Schedule does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.



## **Responsibility of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*BDO Canada LLP*

Chartered Professional Accountants

Kelowna, British Columbia  
October 12, 2023

## John Howard Society of Okanagan & Kootenay Statement of Financial Position

For the year ended March 31	2023	(restated - Note 2) 2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Note 3)	\$ 1,469,116	\$ 1,877,144
Accounts receivable	759,623	592,865
Prepaid expenses	56,466	49,848
	2,285,205	2,519,857
Property and equipment (Note 4)	9,415,473	9,691,230
	\$ 11,700,678	\$ 12,211,087
<b>Liabilities and Net Assets (Debt)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 893,773	\$ 612,480
Current portion of long term debt (Note 5)	266,163	704,401
Deferred revenue (Note 6)	322,686	740,789
	1,482,622	2,057,670
Long term debt (Note 5)	8,276,890	8,103,631
Deferred capital contributions (Note 7)	446,394	469,870
	10,205,906	10,631,171
<b>Net Assets (Debt)</b>		
Investment in property and equipment	426,027	413,327
Cardington and New Gate Housing (Note 8)	(728,613)	(745,709)
Replacement reserves (Note 9)	408,975	342,668
Unrestricted net assets	1,388,383	1,569,630
	1,494,772	1,579,916
	\$ 11,700,678	\$ 12,211,087

Approved on behalf of the Board:

<p>DocuSigned by: <i>Michael Woodroff</i> 0BF06467034475...</p>	Director
<p>DocuSigned by: <i>Henri Cullinan</i> 73B86C98CE6349B...</p>	Director

## John Howard Society of Okanagan & Kootenay Statement of Operations

For the year ended March 31	2023	(restated - Note 2) 2022
<b>Revenue</b>		
Subsidies	\$ 7,023,058	\$ 6,634,726
Contract income	4,918,824	4,453,857
Rental income	1,175,020	1,167,598
Grants	259,505	249,395
Other income	244,013	369,939
Interest income	8,535	2,839
Amortization of deferred capital contributions	29,535	23,159
	<b>13,658,490</b>	<b>12,901,513</b>
<b>Expenses</b>		
Advertising and promotion	2,964	3,165
Bank charges and interest	6,731	10,183
Cleaning supplies	42,038	161,045
Conferences and workshops	6,615	276
Insurance	111,275	107,068
Interest on long term debt	237,654	310,319
Licenses, dues and fees	10,524	6,748
Office	390,564	388,506
Other housing	16,390	30,889
Other programs	1,361,697	1,114,297
Professional fees	126,469	38,301
Property taxes	30,045	13,987
Rental	212,175	114,595
Repairs and maintenance	550,439	484,169
Meals	693,737	587,677
Security	60,107	50,341
Telephone	174,479	203,056
Training	25,507	21,387
Travel	176,791	135,634
Utilities	348,555	293,529
Wages and benefits	8,995,225	8,649,840
	<b>13,579,981</b>	<b>12,725,012</b>
<b>Excess of revenue over expenses before amortization and other items</b>	<b>78,509</b>	<b>176,501</b>
Amortization	255,071	281,445
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (176,562)</b>	<b>\$ (104,944)</b>

**John Howard Society of Okanagan & Kootenay**  
**Statement of Changes in Net Assets (Debt)**

Net Assets	Investment in Property and Equipment	Cardington and New Gate Housing	Replacement Reserves	Unrestricted Net Assets	Total 2023	(restated - Note 2) Total 2022
Balance, beginning of year	\$ 413,327	\$ (745,709)	\$ 342,668	\$ 1,569,630	\$ 1,579,916	\$ 76,528
Prior period adjustment (Note 2)	-	-	-	-	-	1,613,218
Balance, beginning of year	\$ 413,327	\$ (745,709)	\$ 342,668	\$ 1,569,630	\$ 1,579,916	\$ 1,689,746
Adjustment for BC Housing subsidy repayment (Note 10)	-	24,236	-	67,182	91,418	(4,886)
	413,327	(721,473)	342,668	1,636,812	1,671,334	1,684,860
Excess (deficiency) of revenues over expenses	(255,071)	292,741	5,107	(219,339)	(176,562)	(104,944)
Amortization of deferred capital contributions	29,535	-	-	(29,535)	-	-
Approved expenditures from replacement Investment in property and equipment						
- Purchase of capital assets	6,059	-	-	(6,059)	-	-
- Assets purchased from deferred capital	(6,059)	-	-	6,059	-	-
- Disposals of capital assets	(26,744)	-	-	26,744	-	-
- Reduction of debt incurred to purchase capital assets	264,980	(238,681)	-	(26,299)	-	-
Interfund transfers	-	(61,200)	61,200	-	-	-
Balance, end of year	\$ 426,027	\$ (728,613)	\$ 408,975	\$ 1,388,383	\$ 1,494,772	\$ 1,579,916

The accompanying notes are an integral part of these financial statements.

## John Howard Society of Okanagan & Kootenay Statement of Cash Flows

		(restated - Note 2)
<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Cash received from core operating grants	\$12,201,387	\$ 11,337,978
Cash received from other revenue sources	863,707	1,616,986
Cash paid to employees and suppliers	(13,063,709)	(12,409,863)
Interest paid	(244,386)	(320,502)
Interest received	8,535	2,839
	(234,466)	227,438
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(6,059)	(94,183)
Property and equipment paid for with deferred capital contributions	6,059	46,174
	-	(48,009)
<b>Cash flows from financing activities</b>		
Principal repayment of long term debt	(264,980)	(642,126)
BC Housing subsidy adjustment	91,418	(4,886)
	(173,562)	(647,012)
<b>Decrease in cash for the year</b>	<b>(408,028)</b>	<b>(467,583)</b>
<b>Cash, beginning of year</b>	<b>1,877,144</b>	<b>2,344,727</b>
<b>Cash, end of year</b>	<b>\$ 1,469,116</b>	<b>\$ 1,877,144</b>



## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

### 1. Summary of significant accounting policies

<b>Nature of Business</b>	The Society is incorporated under the laws of the British Columbia Societies Act and is a registered charity under the Income Tax Act. The Society provides programs, services and ongoing support to people who live with mental illness, developmental disabilities and/or who have been involved in the criminal justice system. The Society also provides shelter and affordable supportive housing for those in need.														
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.														
<b>Revenue Recognition</b>	The Society follows the restricted fund method of accounting for contributions. Contributions received from the British Columbia Housing Management Commission ("BC Housing") for the Cardington and New Gate housing operations are recorded in the Housing Fund, including those specified for replacement reserves. Contributions received from BC Housing for the acquisition of property and equipment are recognized as revenue in the investment in property and equipment. All other contributions are recognized as revenue in the appropriate fund in the year in which the related disbursements are incurred. Interest income earned is recognized as revenue in the appropriate fund in the period in which the investment income is earned. Restricted contributions for which no corresponding restricted fund is presented are recognized in accordance with the deferral method where they are deferred and recognized in the period the related expenditures are incurred. Rental and other service related revenues are recognized in the appropriate fund as they are earned and collection is reasonably assured.														
<b>Property and Equipment</b>	Property and equipment is recorded at cost. Amortization is provided on a straight-lined and declining basis over the assets' estimated lives as follows: <table border="0" style="margin-left: 20px;"> <tr> <td>Land</td> <td>- Nil</td> </tr> <tr> <td>Buildings</td> <td>- 4% diminishing balance basis</td> </tr> <tr> <td>Buildings on leased land</td> <td>- 60 years straight line</td> </tr> <tr> <td>Computer equipment</td> <td>- 45% diminishing balance basis</td> </tr> <tr> <td>Furniture and equipment</td> <td>- 20% diminishing balance basis</td> </tr> <tr> <td>Leasehold improvements</td> <td>- 5 years straight line</td> </tr> <tr> <td>Vehicles</td> <td>- 30% diminishing balance basis</td> </tr> </table>	Land	- Nil	Buildings	- 4% diminishing balance basis	Buildings on leased land	- 60 years straight line	Computer equipment	- 45% diminishing balance basis	Furniture and equipment	- 20% diminishing balance basis	Leasehold improvements	- 5 years straight line	Vehicles	- 30% diminishing balance basis
Land	- Nil														
Buildings	- 4% diminishing balance basis														
Buildings on leased land	- 60 years straight line														
Computer equipment	- 45% diminishing balance basis														
Furniture and equipment	- 20% diminishing balance basis														
Leasehold improvements	- 5 years straight line														
Vehicles	- 30% diminishing balance basis														

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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

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### 1. Summary of significant accounting policies (continued)

**Contributed Materials  
and Services**

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported either at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

**Replacement Reserves**

There are two replacement reserves, one for Cardington and one for New Gate. The reserves have been established to fund future capital expenditures to the facility and equipment. Appropriations to and from reserve funds must be approved by BC Housing.

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

### 2. Comparative figures

During the year, the Society determined that buildings on leased land should be amortized over the life of the lease. As a result, adjustments were made to amounts in the year ended March 31, 2022 as follows:

	Ending balance	Adjustment	Restated
Accumulated amortization, Buildings on leased land, end of year	\$ 3,908,746	(1,706,623)	\$ 2,202,123
Property and equipment, end of year	7,984,607	1,706,623	9,691,230
Investment in property and equipment, beginning of the year	(1,276,070)	1,613,218	337,148
Investment in property and equipment, end of year	(1,293,296)	1,706,623	413,327
Amortization expense	374,850	(93,405)	281,445
Deficiency of revenues over expenses	(198,349)	93,405	(104,944)

### 3. Cash

The Society's cash holdings are held to fund the following:

	2023	2022
Unrestricted cash	\$ 890,470	\$ 1,427,744
Restricted cash for Gaming - restorative justice	126,299	62,699
Externally restricted for replacement reserves		
Cardington replacement reserve (Note 9)	178,418	150,759
New Gate replacement reserve (Note 9)	273,929	235,942
	<b>\$ 1,469,116</b>	<b>\$ 1,877,144</b>

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2023

### 4. Property and equipment

	2023		(restated - Note 2) 2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 548,970	\$ -	\$ 548,970	\$ -
Leased land	2	-	2	-
Buildings	1,097,878	383,749	1,097,878	353,993
Buildings on leased land	10,410,184	2,379,611	10,410,182	2,202,123
Computer equipment	143,008	112,323	163,693	95,713
Furniture and equipment	138,836	75,572	138,836	56,863
Leasehold improvements	15,551	11,749	15,551	9,544
Vehicles	66,314	42,266	66,314	31,960
	<u>\$12,420,743</u>	<u>\$ 3,005,270</u>	<u>\$ 12,441,426</u>	<u>\$ 2,750,196</u>
		<u>\$ 9,415,473</u>		<u>\$ 9,691,230</u>

The leased land consists of two parcels of land located at 1436 St. Paul Street and 189 Rutland Road North, both leased from the City of Kelowna since July, 2006 and August, 2010 respectively, for consideration of \$1 for a 60 year term from the commencement of each lease.

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

### 5. Long term debt

	2023	2022
RBC mortgage payable with interest at 6.79% per annum, with monthly principal and interest payments of \$3,328 secured by specific land and building at 1043 Harvey Avenue, maturing November 23, 2024.	\$ 443,236	\$ 457,886
Peoples Trust mortgage payable with interest at 3.48% per annum, with monthly principal and interest payments of \$16,194, secured by specific land and buildings at the Cardington Apartments, maturing May 1, 2024.	2,859,625	2,953,387
Peoples Trust mortgage payable with interest at 2.815% per annum, with monthly principal and interest payments of \$23,738, secured by specific land and buildings at the New Gate Apartments, maturing March 1, 2032.	4,974,743	5,119,661
RBC mortgage payable with interest at 3.36% per annum, with monthly principal and interest payments of \$1,686, secured by specific land and building at 2817 Springfield Road, maturing July 9, 2025.	265,449	277,098
	8,543,053	8,808,032
Less: current portion	266,163	704,401
	<b>\$ 8,276,890</b>	<b>\$ 8,103,631</b>

Principal repayments on long term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

Year	Amount
2024	\$ 266,163
2025	274,904
2026	283,897
2027	293,203
2028	302,834
Thereafter	7,122,052
	<b>\$ 8,543,053</b>

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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

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### 6. Deferred revenue

Deferred revenue consists of contracts and grants received to pay for expenditures relating to different programs provided by the Society. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made, and the obligations of the funding agreements are met.

	2023	2022
BC Housing	\$ -	\$ 591,845
Province of BC - Gaming	62,700	53,400
Other deferred revenue	259,986	95,544
	\$ 322,686	\$ 740,789

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### 7. Deferred capital contributions

	2023	2022
Balance, beginning of year	\$ 469,870	\$ 444,412
Contributions	6,059	48,617
Revenue recognized	(29,535)	(23,159)
Balance, end of year	\$ 446,394	\$ 469,870

Deferred capital contributions consists of contributions received from BC Housing in the form of reimbursement of costs directly related to the installation of a new HVAC unit in the Cardington apartment building and other deferred capital contributions received from funders.

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### 8. Cardington and New Gate Housing

The Cardington and New Gate Housing fund reports the assets, liabilities, and results from operations related to the Cardington and New Gate houses.

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

### 9. Replacement reserves

Under the terms of the agreement with BC Housing, the replacement reserve accounts are externally restricted by BC Housing and are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canadian Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; in investments in accordance with the Society Act or Municipal act, in investments guaranteed by a Canadian government, or in other investment instruments as agreed upon with BC Housing.

There are two replacement reserves, one for New Gate and one for Cardington. The annual amounts that are transferred to the New Gate and Cardington replacement reserves are \$35,280 and \$25,920 respectively. Approval from British Columbia Housing must be acquired in order to use these restricted funds for any purpose. In the current year, expenditures of \$Nil (2022 - \$30,933) were approved by British Columbia Housing as qualifying approved expenditures to be spent out of the replacement reserve.

	Cardington Apartments	New Gate Apartments	Total 2023	2022
Balance, beginning of year	\$ 135,554	\$ 207,114	\$ 342,668	\$ 314,975
BC Housing adjustment	-	-	-	(2,654)
Annual transfer	25,920	35,280	61,200	61,200
Interest income	1,740	3,367	5,107	80
Approved expenditures	-	-	-	(30,933)
Balance, end of year	163,214	245,761	408,975	342,668
Cash restricted for replacement reserves (Note 3)	178,418	273,929	452,347	386,701
Over funded replacement reserve	\$ 15,204	\$ 28,168	\$ 43,372	\$ 44,033

### 10. Subsidy assistance adjustments

BC Housing conducts an annual review of the financial statements and may adjust for any operation surplus or deficit of the prior year related to Cardington Apartments and New Gate Apartments. These adjustments occur and are accounted for as changes in the opening fund balances in the year the adjustment is communicated to the Society. In the current year, there was a subsidy repayment to (from) the Society of \$91,418 (2022 - \$(4,886)).

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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

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### 11. Commitments and contingencies

#### (a) Residential accommodation

The Society has a 60 year operating agreement with BC Housing to provide non-market residential accommodation at various residential locations for persons who are homeless, or at high risk of homelessness, due to various factors. The Society also has other operating agreements for properties such as Hearthstone, Stephen Village, and Samuel Place expiring between 2024 and 2027 with options to renew for 3-5 years. BC Housing agrees to provide subsidies to the Society for the difference between the tenant rent contribution and cost of operating the units, based on a budget approved by BC Housing for each location. The Society's main responsibilities are to manage and maintain the building, prepare an annual operating budget for approval by BC Housing, ensure sound financial management, enter into tenancy agreements with the tenants who meet the specifications contained in the agreement and provide specific support services where applicable.

#### (b) Operating agreements

The Society has various commitments for leases or rent at various locations. The annual payment for the following five years is estimated as follows:

2024	\$	122,299
2025		69,406
2026		47,633
2027		25,174
2028		<u>7,036</u>
	\$	<u>271,548</u>

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### 12. Economic dependence

During the current year, the Society received subsidy payments for the Cardington Apartments, New Gate Apartments, and shelter and housing first projects totalling \$580,788 (2022 - \$520,507), \$633,604 (2022 - \$568,568), and \$5,495,149 (2022 - \$5,545,651) respectively, from the provincial government. The Society also receives government funding for several other short and long term programs.

Funding from BC Housing for the Cardington Apartments, New Gate Apartments, and shelter and housing first projects represent 4% (2022 - 4%), 5% (2022 - 4%), 40% (2022 - 43%) of the Society's total revenue for the year. During the year, the Society also received funding from Community Living BC in the amount of \$3,960,284 (2022 - \$3,216,016), representing 29% (2022 - 25%) of the Society's total revenue for the year.

The remainder of the funding received is from foundations and private sources. If these sources substantially curtail their funding, it would be of detriment to some programs which the Society operates. The Society is dependent on these funds to operate its other government funded housing projects in their present manner.



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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2023**

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### 13. BC Society Act disclosure

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors. Included in wages and benefits on the Statement of Operations are four employees (2022 - four) with remuneration over \$75,000. The total salaries paid to these individuals for the year ended March 31, 2023 was \$387,858 (2022 - \$385,881). No honoraria were paid to members of the Board of Directors for the current year or the prior year.

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### 14. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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### 15. Financial instrument risk

The Society holds various forms of financial instruments. The nature of these instruments and the Society's operations expose the Society to interest, credit and liquidity risks. The Society manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

#### Liquidity Risk

Liquidity risk is the risk that the Society encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and long term debt.

See Note 11 for further information on possible liquidity risk arising from the Society's commitments and contingencies.

Management has determined that the Society is not significantly exposed to liquidity risk given its strong operating cash flows and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.

**John Howard Society of Okanagan & Kootenay**  
**BC Housing Program Surplus Schedule**  
(unaudited)

**March 31, 2023**

	Cardington Surplus	Cornerstone Surplus	New Gate Surplus	Hearthstone Surplus	Samuel Place Surplus	Stephen's Village Surplus	Total 2023	Total 2022
Balance, beginning of year	\$ (684)	\$ 17,762	\$ (32,191)	\$ 27,605	\$ 54,876	\$ 59,992	\$ 127,360	\$ 128,701
BC Housing adjustment	90	(84,944)	14,135	15,160	21,389	50,699	16,529	148,729
Subsidy Adjustment	594	67,182	23,642				91,418	(53,099)
Surplus Spent				(21,322)	(30,098)	(25,162)	(76,582)	(4,886)
Restated opening surplus			5,586	21,443	46,167	85,529	158,725	219,445
Excess (deficiency) of revenues over expenses	\$ (371,187)	\$ 28,062	\$ 594	\$ 22,099	\$ 8,717	\$ 30,896	\$ (280,819)	(92,085)
Balance, end of year	\$ (371,187)	\$ 28,062	\$ 6,180	\$ 43,542	\$ 54,884	\$ 116,425	\$ (122,094)	\$ 127,360

The above schedule agrees to the 2022 BC Housing Financial Review package, and the 2023 Framework reporting. As this schedule has been prepared to show the BC Housing approved revenues and expenditures, it does not include certain revenues from third party funders. As such, there are discrepancies between the BC Housing program operations, and the total annual surplus (deficits) for some programs.

The current year differences are presented below:

	Cardington	Cornerstone	New Gate	Hearthstone	Samuel Place	Stephen's Village	Total
Excess (deficiency) of revenues over expenses per BC Housing	\$ (371,187)	\$ 28,062	\$ 594	\$ 22,099	\$ 8,717	\$ 30,896	\$ (280,819)
Additional revenues not included in BC Housing Framework	363,453	-	-	-	-	-	363,453
Excess (deficiency) revenues over expenses	\$ (7,734)	\$ 28,062	\$ 594	\$ 22,099	\$ 8,717	\$ 30,896	\$ 82,634